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Chairman: Mr. Ramadan (Vice-Chairman)..... (Lebanon)
later: Mr. Balarezo (Peru)

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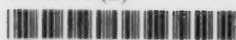
Agenda item 88: Groups of countries in special situations

- (a) Third United Nations Conference on the Least Developed Countries
- (b) Specific actions related to the particular needs and problems of landlocked developing countries: outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation

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The meeting was called to order at 9.55 a.m.

Agenda item 88: Groups of countries in special situations (A/59/115 and A/59/158)

(a) Third United Nations Conference on the Least Developed Countries (A/59/94-E/2004/77)

(b) Specific actions related to the particular needs and problems of landlocked developing countries: outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation (A/59/208)

1. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States), introducing the report of the Secretary-General on the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 (A/59/94-E/2004/77), said that the least developed countries (LDCs), which were heavily indebted and accounted for only a small share of world trade, remained marginalized in the process of globalization. Those countries had a poor and uneducated population, high mortality rates and a high HIV prevalence rate, and they lacked basic infrastructure and access to information and technology. They therefore remained vulnerable to external economic shocks, natural disasters, communicable diseases and civil strife and conflict.

2. Although only rapid economic growth would enable them to rise out of poverty, very few LDCs had managed to raise their GDP to 7 per cent and their investment rate to 25 per cent, the targets set under the Brussels Programme of Action. With domestic savings frozen and tax collection also extremely low, reliance on external finance remained high in the LDCs.

3. Official development assistance (ODA) could help the LDCs to achieve the targets of the Brussels Programme of Action. Many commitments had been made on both sides (by the donor countries, to harmonize their aid policies taking into account the priorities of the recipient countries, and by the LDCs, to manage and utilize development aid more

effectively), but those commitments had not been kept. Official development assistance had increased insignificantly and had not been fully untied. Moreover, the aid allocated for economic infrastructure and the productive sector had significantly declined, although infrastructure was critical to the productive sector and to trade, which was an important engine of growth and of a vibrant economy. Preferential agreements had been concluded but they remained underutilized, owing to a lack of trade-related capacity and to non-tariff barriers, notably rules of origin and product standards. Donor countries applied contradictory trade policies, taking away with one hand what they gave with the other. Agricultural subsidies undermined the productivity and competitiveness of LDCs and deprived them of their fundamental rights, namely, freedom to trade and the right to development. It was imperative to put the Doha Development Agenda on the right track in order to address trade-distorting policies and practices comprehensively.

4. The imminent liberalization of the textile trade could deal another blow to the already weak economies of the least developed countries. Millions of jobs which were the only source of income for poor families could disappear, penalizing countries that produced value-added products and discouraging others from embarking on the path of diversification. Easing the rules of origin for LDC exports, providing financial and technical assistance to LDCs affected by the elimination of quotas, extending preferences for textile and clothing from LDCs and refocusing other trade preferences were some ways of significantly mitigating the harsh impact of the phase-out. Increased South-South trade with LDC participation was another.

5. There was a remarkable correlation between the export trade structure and the external debt of the least developed countries. Most countries that were dependent on non-oil primary commodities had unsustainable external debt and low export growth rates. As they became further indebted, they fell into the poverty trap. Debt servicing reduced resources for public investment, deterred private investment and damaged growth prospects. Many LDCs participating in the Heavily Indebted Poor Countries (HIPC) Initiative had reached the completion point, but their external debt remained unsustainable and continued to hinder their development. Only the full cancellation of their external debt could enable the least developed countries to break out of their poverty.

6. Three years after the adoption of the Brussels Programme of Action, which was based on the principle of genuine cooperation between all stakeholders — governments, parliaments, civil society and the private sector — its implementation was weak. A significant breakthrough in the areas of trade, aid and external debt was needed in order to achieve the goals of the Brussels Programme.

7. Turning to the report of the Secretary-General on the implementation of the Almaty Programme of Action (A/59/208), under agenda item 88 (b), he said that the geographical difficulties faced by landlocked developing countries were a major constraint in their development. Excessive transport costs were a more insidious dampener of international trade than tariffs and limited their development prospects, by diminishing export profits and inflating the prices of imported inputs. Moreover, high trade transaction costs were also less likely to attract private capital. Landlocked developing countries found themselves among the poorest developing countries, beset as they were with anaemic growth rates and deteriorating social conditions. Economic stagnation explained their abysmal scores on human development indicators. Given the low levels of exports and foreign direct investment, landlocked developing countries had to rely on official development assistance. Although such assistance to those countries had increased, they often had to use it to meet their most pressing needs, at the expense of the economic infrastructure, including transport and communications, which were essential to trade development.

8. To expedite the implementation of the Almaty Programme of Action on transit transport cooperation between landlocked developing countries and transit countries, the organizations in the United Nations system had drawn up a road map for implementation, which established certain areas for immediate action, including the identification of major missing links in Africa, Asia and Latin America; the creation of subregional priority projects to develop infrastructure and facilitate trade; the establishment of national trade facilitation boards; and the promotion of accession to international conventions on transit and transport.

9. The regional commissions played a major role in those efforts. The Economic and Social Commission for Asia and the Pacific (ESCAP) had promoted the Intergovernmental Agreement on the Asian Highway Network, which would cover 140,000 kilometres of

highways integrating countries spread across the region. The Economic Commission for Africa (ECA) had drawn up a Sub-Saharan Africa Transport Policy Programme which included an action plan that would allow for the observation of abnormal practices along transit corridors; the monitoring of port security and road safety; the harmonization of transit transport documents; and capacity-building for transport planning specialists. The Economic Commission for Europe (ECE) continued to provide technical assistance to the landlocked and transit countries in Central Asia and to promote international conventions related to transit trade, explaining the benefits derived from such conventions and the legal actions required for becoming parties to them. The World Bank was working on a number of levels. On the one hand, it was collaborating with the World Customs Organization to streamline customs procedures and, on the other, it was assisting with projects aimed at improving infrastructure and streamlining transit arrangements, facilitating border-crossing operations and implementing interregional transit agreements. The United Nations Conference on Trade and Development (UNCTAD) had launched three technical assistance projects to design and implement regional solutions in selected transport corridors in Latin America, Africa and Asia.

10. In his report, the Secretary-General had outlined a number of recommendations, including those pertaining to the improvement of market access and the strengthening of infrastructure and regulatory and institutional systems; closer cooperative arrangements between landlocked developing countries and their transit neighbours, with the participation of regional economic groupings and bilateral arrangements; transit policy reforms to lower costs through the commercialization and liberalization of transport services; increased financial assistance to landlocked developing countries and transit developing countries, a major proportion of which should be allocated to infrastructure investment; allowing national governments to be in the driver's seat, with the participation of trade facilitation boards to bring together all the major stakeholders in the public and private sectors to consider issues related to the establishment of efficient trade facilitation systems and transit transport; and the provision of increased coordinated technical assistance by United Nations organizations. In that regard, the Secretary-General had invited donors to make voluntary contributions to the

trust fund that he had established to facilitate the implementation of and follow-up to the Almaty Conference.

11. **The Chairman**, recalling that the Brussels Programme of Action encouraged a people-centred policy, asked the High Representative if landlocked developing countries and the least developed countries should not therefore align their poverty reduction strategy on the Millennium Development Goals, particularly those concerning human beings (reduction in the number of people living on less than \$1 a day, sustainable access to water and lower mortality rates).

12. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) confirmed that the first of the seven commitments entered into in Brussels focused on human beings as a factor to be borne in mind if countries wished to eradicate poverty, attain the Millennium Development Goals and achieve economic take-off. The Secretary-General's report described all the obstacles encountered by the LDCs, their achievements and the support they received or expected from the international community. Since the Millennium Development Goals had been incorporated into the Brussels Programme of Action, which had been adopted one year after the Millennium Summit, the attainment of the Millennium Development Goals depended on the implementation of the Programme of Action. All LDCs must therefore take account of that correlation when drawing up their poverty reduction strategy papers. Some countries which had completed their strategy papers had done so, but others had not. The Office of the High Representative was striving to ensure that all countries did so as a matter of course.

13. **The Chairman** enquired as to the role of the regional commissions in the context of the Almaty Programme of Action and how that role could be strengthened.

14. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that the Almaty Programme of Action attached great importance to the role of the regional commissions, with which his Office cooperated closely. The regional commissions and the subregional organizations of Africa, Asia and Latin America were actively working on the

implementation of the Almaty Programme of Action. The conference which his Office would be convening in 2005 would enable all those organizations to coordinate their support for the landlocked developing countries and neighbouring transit countries. Given that donors were also expected to participate, he requested all those organizations to submit specific proposals to the conference.

15. **Mr. Al-Mahmoud** (Qatar), speaking on behalf of the Group of 77 and China, said that the LDCs constituted the weakest segment of the international community, since they had the lowest growth rates among the developing countries. Although they bore the primary responsibility for their own development, the international community must back their efforts. The world leaders who had participated in the Millennium Summit in 2000 had acknowledged that responsibility and had undertaken to address the special needs of those countries. It must be admitted that the implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010, which had been adopted three years earlier, had not yielded the expected results. For example, development partners were a long way from meeting the target of devoting between 0.15 per cent and 0.20 per cent of their GNP to official development assistance. The trade preferences granted to the LDCs remained underutilized owing to non-tariff barriers, and the export subsidies given by some developed countries prevented the full participation of LDCs in international trade. The LDCs continued to suffer from a crushing debt burden, which weakened social protection, exacerbated conflicts and contributed to the spread of the AIDS pandemic.

16. It was therefore necessary to act on the conclusions of the high-level segment of the substantive session of the Economic and Social Council in 2004, at which the Council had called for an enabling environment in the LDCs and the mobilization of resources in order to put the Brussels Programme of Action into effect. In that context, the Group of 77 and China intended to submit a draft resolution which would explore ways of speeding up the implementation of the Programme of Action so that its targets could be met on time.

17. With reference to agenda item 88 (b), he said that, despite technological advances in the transport sector, landlocked developing countries still faced structural challenges which impeded their access to

world markets. Since Kazakhstan, for example, was 3,750 kilometres from the sea and Afghanistan, Chad, Niger, Zambia and Zimbabwe were more than 2,000 kilometres inland, their goods spent an extremely long time in transit through other countries and the resultant high transport costs eroded the competitive edge of their products. According to United Nations Conference on Trade and Development (UNCTAD), the landlocked developing countries devoted a much larger proportion of their export earnings to payment for transport and insurance services than other countries.

18. In order to overcome those difficulties, which slowed down the economic growth of the landlocked developing countries, it was essential to implement the Almaty Programme of Action fully. In particular, the international community must assist those countries and the transit countries in establishing efficient transit transport and trade facilitation systems and diversifying their exports. That assistance should be accompanied by more technical assistance which would enable the landlocked developing countries to improve their communication and institutional infrastructure. Infrastructure development would boost their competitiveness and attract more foreign direct investment and other forms of investment.

19. Given the constraints imposed by high transport costs and complex transit operations, the landlocked developing countries ought to derive the greatest benefit from measures to be elaborated by the newly established Negotiating Group on Trade Facilitation. In that regard, the Group of Landlocked Developing Countries again urged the World Trade Organization (WTO) to expedite its Work Programme on Small Economies, which included those countries. Furthermore, the WTO negotiations on market access should pay particular attention to products of special interest to those countries, as called for in the Almaty Programme of Action and the São Paulo Consensus.

20. **Mr. van den Akker** (Netherlands), speaking on behalf of the European Union, the candidate countries Bulgaria, Croatia, Romania and Turkey, the stabilization and association process countries and potential candidates Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Serbia and Montenegro and of Iceland as a member of the European Free Trade Association and the European Economic Area, said that the sustainable development of the least developed countries and the landlocked

developing countries lay at the heart of the European Union's development activities, which were predicated on the international community's development agenda and were specifically aimed at giving effect to the Millennium Declaration.

21. The European Union, which had hosted the Third United Nations Conference on the Least Developed Countries in Brussels in 2001, remained fully committed to a universal trade system which was open, equitable and rules-based and which did not discriminate against the products of the least developed countries. It was in that spirit that, in 2001, it had taken measures exempting those products from customs duties and quotas and, in 2004, it had adopted an action plan on agricultural products, dependence and poverty and had concluded a partnership on cotton with the African countries, under which no restrictions could be placed on cotton imports and no subsidies could be given to exports of community cotton fibres on the world market. The European Union had met the target for official development assistance to the LDCs, since its Member States devoted an average of between 0.15 per cent and 0.20 per cent of their GNP to such assistance.

22. The European Union recognized that remoteness and isolation from world markets were among the main causes of the relative poverty of the landlocked developing countries. The introduction of efficient transit systems and transit policy reforms, competition between different modes of transport, financial and technical assistance for the improvement of infrastructure and the maintenance of existing facilities were all essential if their situation was to be improved. The European Union therefore encouraged landlocked and transit countries to give priority to those issues in their development plans, budgets and poverty reduction strategy papers.

23. One of the main objectives of the Almaty Programme of Action was to increase the participation of landlocked developing countries in world trade. The European Union was convinced that progress would be made in that direction during the Doha round, especially with regard to services and agricultural and non-agricultural products. The recent launching in Doha of negotiations on trade facilitation, which explicitly dealt with the clarification and improvement of WTO rules on transit, offered a golden opportunity to negotiate new provisions that would first and foremost benefit landlocked developing countries.

24. South-South cooperation and regional cooperation were crucial to the implementation of the Almaty Programme of Action. Regional and subregional organizations played an important role in fostering economic activity, in particular by strengthening regional cooperation initiatives and promoting the conclusion of agreements between transit countries and landlocked developing countries. In that regard, the European Union strongly supported the New Partnership for Africa's Development as a framework for developing regional transport. Moreover, the European Union, through its Economic Partnership Agreements, supplied financial and technical assistance in the determination of sustainable policies and strategies and the establishment of transport infrastructure and services and multimodal regional networks from which landlocked developing countries benefited.

25. The European Union was grateful to the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States for the guidance it had provided during the preparation of the road map for the implementation of the Almaty Programme of Action. Coherent, coordinated assistance to landlocked developing countries was vital to the full implementation of the Programme.

26. The European Union supported the ministerial communiqué issued by the landlocked developing countries at the eleventh session of UNCTAD and the statement they had adopted at their Ministerial Meeting in New York. UNCTAD had a leading role to play, in close cooperation with the other relevant organizations within the United Nations system, in particular through programmes of technical cooperation with the least developed countries, small island developing States and landlocked developing countries. The European Union fully supported the endeavours of United Nations agencies in that sphere.

27. **Mr. Wenlong Yao** (China) said that the LDCs were seriously hampered in their economic and social development by a variety of domestic and external factors. Besides suffering from poor economic infrastructure, epidemic diseases and, in cases, geographical remoteness, they also faced severe shortages of investments and skilled manpower. As a result, they risked being further marginalized at a time of globalization.

28. Even as the economies of the major developed countries had recovered in recent years and international trade had shown sustained growth, the LDCs had seen their international trade slow down. Although their official development assistance (ODA) inflows had increased since 2000, real net per capita aid inflows had remained lower than in the 1990s. Their plight had been further compounded by an increasingly heavy debt burden and deteriorating terms of trade.

29. To address that, the majority of LDCs had formulated economic strategies and were actively pursuing the objectives of the Brussels Programme of Action, but they could not emerge unaided from the dire situation in which they found themselves. It was therefore the responsibility of the international community to assist them in the areas of poverty eradication, capacity-building and economic development.

30. For the first time, the Economic and Social Council had devoted its high-level segment on humanitarian affairs to the LDCs and had adopted a ministerial declaration which showed the importance that the international community attached to their problems. His delegation welcomed that declaration and called upon the developed donor countries to devote from 0.15 to 0.20 per cent of their gross national product (GNP) to ODA disbursements to LDCs as soon as possible, in accordance with the Brussels Programme of Action. The developed countries must also offer further debt relief to the LDCs, particularly to the heavily indebted poor countries so that they could devote their limited resources to development; offer preferential treatment for the major export products of the LDCs, especially their agricultural products; and help the LDCs to integrate into and benefit from the multilateral trading system.

31. The preferential trade arrangements offered by the developed countries to the LDCs could alleviate their development problems by way of the benefits yielded in increased employment and income for the LDCs. However, not being adequately equipped to use such preferential measures to promote development, the LDCs benefited little from such schemes. The international community must therefore help the LDCs to take full advantage of those measures by offering them technical assistance and help in capacity-building. Similarly, the developed countries should

encourage their enterprises to increase their investment in the LDCs so that more of the latter could benefit from foreign direct investment.

32. The Chinese Government had always supported the legitimate demands and propositions of the LDCs for poverty eradication and economic and social development and had assisted them within its means. Over the past 50 years, China had provided various forms of technical assistance and aid-in-kind to a majority of the LDCs and had helped them to complete more than 800 major projects in the agricultural, textile, energy, transport, health and educational sectors. In addition to reducing or cancelling the debts of 31 African LDCs, as well as the matured debts of a number of Asian LDCs, it was actively helping the LDCs to develop their human resources and negotiating with African LDCs tariff exemptions for some of their exports.

33. Since the General Assembly had endorsed the Almaty Programme of Action in 2003, much had been done by various organizations within the United Nations system to disseminate the Programme of Action and formulate a road map for its implementation. His delegation believed that the implementation of the Almaty Programme of Action would require the joint efforts of all stakeholders, especially the developed donor countries, United Nations organizations, international financial institutions and landlocked and transit developing countries. In that regard, he welcomed the efforts that landlocked and transit developing countries were making in a joint bid to develop transit transport services. It was to be hoped that the developed donor countries and international financial and development assistance institutions could provide landlocked and transit developing countries with the financial, human and technical assistance they would need to construct transit transport corridors.

34. As a transit developing country, China understood the particular difficulties faced by landlocked developing countries. China supported them in their economic development, particularly through trade, economic and technical cooperation and the provision of transit transport services on the basis of equality and mutual benefit.

35. Allowing all countries, particularly developing countries, to manage their own development had always been China's fundamental outlook on

development. As China continued to open up to the rest of the world and with the growth of its economy, it would be able to provide more assistance and make greater contributions to the economic and social development of developing countries, particularly the least developed and landlocked developing countries.

36. **Mr. Aho-glele** (Benin), speaking on behalf of the Group of Least Developed Countries, noted that, three years after it had been adopted, the rate of implementation of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 remained very slow. Measures must be taken to speed up its implementation if the targets set by the LDCs and their development partners were to be met by the end of the decade. In that context, the international community might wish to focus on working out a set of practical measures for meeting the commitments entered into under the Brussels Programme of Action. In that regard, the Secretary-General could designate lead agencies for each of the seven commitments in the Programme of Action so as to mobilize the efforts of development partners on specific sectors with a view to the implementation of the Programme, along the lines of the donor round tables that UNDP organized in respect of development programmes at the country level. Arrangements would also have to be made to convene a mid-term implementation review meeting to give the Programme a fresh boost.

37. Before then, the high-level segment held in 2005, which would conduct a mid-term review of the Millennium Development Goals, could also be used to assess the progress made in meeting the concerns of the LDCs. Moreover, the question of the participation of the LDC central focal points in the review of the Programme of Action to be conducted at the substantive session of the Economic and Social Council remained an urgent one. In that regard, the Secretary-General would have to implement the relevant provisions of General Assembly resolution 58/228 and secure the effective participation of the delegations concerned.

38. **Mr. Strømmen** (Norway) said that the gross domestic product of the least developed countries was increasing, but the goal of 7 per cent growth for those countries set in the Brussels Programme of Action was far from being met. In his report (A/59/94), the Secretary-General had indicated that the number of people living in extreme poverty in the least developed

countries would increase from 334 million in 2000 to 471 million in 2015 if current trends continued.

39. To respond to that trend, least developed countries needed sound policies and good governance at all levels and must combat corruption and invest in their infrastructure in order to combat poverty, but the donor countries must also assist them in their efforts. It was clear that those countries needed greater international support in the areas of development assistance, debt relief and market access if the Millennium Development Goals and the objectives of the Programme of Action were to be met. Norway had made the least developed countries the target group for its official development assistance; they were its main development partners. It had long since exceeded the goal of devoting 0.2 per cent of its GDP to official development assistance to those countries, which had received 42 per cent of its bilateral aid in 2003.

40. As for the Highly Indebted Poor Countries Initiative, 15 countries had reached the completion point and 27 countries were enjoying substantial debt relief under the Initiative, which was showing concrete results. Its future financing must be secured in order to work for improved debt sustainability of the least developed countries.

41. Developing countries, particularly least developed countries, needed improved market access in order to avoid debt and achieve sustainable growth. Norway was participating actively in those efforts and had granted duty-free and quota-free access to its markets for their products in 2002. Advanced developing countries should also improve market access for their exports through the Generalized System of Trade Preferences, an important means of promoting South-South cooperation and trade.

42. Norway was a major supporter of the Integrated Framework for Trade-related Technical Assistance to the least developed countries, the Joint Integrated Technical Assistance Programme for African countries and the various trust funds for technical assistance in UNCTAD, the International Trade Centre and WTO. They were intended to develop production and trade capacity and expand employment opportunity as well as to address constraints on supply capacity from a coordinated and coherent approach.

43. Developing countries needed to develop a stable and predictable framework for private sector development and investment. Some countries had

succeeded in increasing the volume of foreign direct investment, but many still lagged behind. According to the report of the Secretary-General on the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, most had updated their investment laws and provided adequate incentives for foreign direct investment.

44. **Mr. Chowdhury** (Bangladesh) said that, amid unprecedented global prosperity, the poor were increasingly vulnerable. The 700 million people in the least developed countries were being further marginalized, despite their considerable efforts to honour their commitments.

45. When Bangladesh became independent in 1971, it was a country ravaged by war. It had made significant progress since then: currently it had one of the highest primary school enrolment rates in the developing world and had cut infant mortality in half over the past two decades. The population growth rate had also been reduced at unprecedented speed. Those successes were owed to a prudent mix of socio-economic strategies, sound macroeconomic management, appropriate use of external support, the emergence of a vibrant civil society, and especially, the development of local innovations like microcredit and non-formal education. The achievements in the social sector, however, would not be sustainable without a commensurate level of economic development. In the view of the World Bank, Bangladesh was one of the few among the least developed countries which was likely to meet all the Millennium Development Goals by 2015. It had already met some of those goals, but reaching the target for reduction of income poverty remained contingent on the external environment of aid and trade.

46. Aid could play a crucial role in capacity-building in the least developed countries. It was therefore of critical importance that their partners should fulfil their commitment of devoting 0.15 per cent of their GDP to those countries. Long-term foreign private capital played a complementary and catalytic role in strengthening local production capacity, encouraging export growth, technology and skills transfer, job creation and poverty eradication. One of the most effective means of assisting the least developed countries would be, therefore, to channel foreign direct investment to them.

47. There was huge potential to convert the population into a resource. A large community of Bangladeshis worked abroad, and contributed to the country's economic development through their remittances. Its development partners could explore means of recruiting skilled and semi-skilled labour from least developed countries on a temporary basis, thus helping to ease their resource constraints.

48. Bangladesh, though not a heavily indebted country, must still service its debt, and it still felt the drag on its resources. Cancelling the debt of least developed countries would release resources that could be used to build productive capacity. The serious debt problems of least developed countries required a comprehensive solution.

49. The least developed countries were determined to give their people a better quality of life. They had achieved some results, but they acknowledged that there was a long way to go. One major impediment was the scarcity of resources. The global community had made a certain number of commitments in response to the concept of partnership, which must be honoured.

50. **Ms. Mammadova** (Azerbaijan) said that she supported the recommendations contained in the report on the implementation of the Almaty Programme of Action, as well as the action-oriented nature of the Programme. The recently adopted road map would further forge partnerships for the implementation of the Programme. In that regard she commended the efforts of the High Representative and his team.

51. Despite regional and national variations in impact, the problems facing landlocked countries and the solutions to such problems were common to all the countries concerned. Distance and dependence on passage through the territory of another State remained constant problems which reduced the competitiveness of landlocked countries and significantly hampered not only their growth and development, but ultimately their integration into the world economy. They were also dependent on the infrastructure and administrative barriers of third countries. Bilateral trade arrangements, the simplification of cross-border procedures and the establishment of trade facilitation boards were important tools and regional cooperation in that connection should therefore be further explored. The establishment of friendly relations among States was a fundamental prerequisite for transport, regional integration and trade.

52. Azerbaijan was actively engaged in the development of transregional transport corridors, among which the Transport Corridor Europe-Caucasus-Asia (TRACECA) occupied a special position. Under the TRACECA Programme, targeted efforts were under way to create an enabling transit environment, as a result of which the volume of trade was increasing.

53. Azerbaijan was also part of the North-South transport network, through which it could secure its shortest route to the sea. However, owing to the unresolved conflict with and territorial claims of its neighbouring State, Armenia, which had resulted in the occupation of seven districts of Azerbaijan, transport costs remained burdensome, not only for Azerbaijan but also for the States parties to the Agreement on the North-South International Transport Corridor. Given the distances involved, enormous capital flows would be needed for the construction of a pipeline as an alternative route to the sea.

54. Azerbaijan valued the initiatives of the United Nations regional commissions, in particular the Joint Project of the Economic Commission for Europe (ECE) and the Economic and Social Commission for Asia and the Pacific (ESCAP), which could serve as an appropriate framework for consolidating and coordinating the efforts of the landlocked developing countries in the region. She commended the work of UNCTAD on transit transport cooperation between landlocked and transit developing countries in sub-Saharan Africa and said that Azerbaijan would welcome the expansion of such an initiative to the South Caucasus.

55. The low share of landlocked developing countries in international trade was a matter for concern. Moreover, their disadvantaged situation could lead to their further marginalization in terms of both international trade and the global economy. It was therefore vital for the international community to support the efforts of those countries to gain greater market access, particularly within the framework of WTO.

56. **Mr. Mpundu** (Zambia) said that his delegation associated itself with the statements made by the representative of Qatar on behalf of the Group of 77 and China, the representative of Benin on behalf of the least developed countries and the representative of the Lao People's Democratic Republic on behalf of the landlocked developing countries.

57. The measures taken by Zambia, which was both a landlocked and a least developed country, to implement the Brussels Programme of Action included the establishment of a focal point for least developed countries under the Ministry of Finance and National Planning. In addition, the Government was implementing the Poverty Reduction Strategy Paper (PRSP). Zambia's economy was one of the most liberalized in the southern Africa region. While doing its utmost to implement the Brussels Programme of Action, it was also struggling with the external debt burden. The international market prices for its main exports of copper, sugar and coffee were falling as a result of unfavourable trading patterns. Moreover, owing to high transport costs, its exports were less competitive on the world market.

58. He emphasized the importance of the seven commitments contained in the Brussels Programme of Action and was gratified to note that United Nations agencies were taking them into account. Landlocked developing countries were among the poorest of all developing countries, had limited capacities and were highly dependent on a limited number of commodities for their export earnings. Lack of access to the sea and isolation from world markets exacerbated their poverty and increased the transport cost for exports and imports.

59. In view of the urgent need for the international community to recognize the problems of landlocked developing countries, the Almaty Programme of Action had been adopted in 2003. It aimed to secure access for those countries to and from the sea, reduce their costs and improve services to enhance the competitiveness of their exports and reduce the delivery cost of their imports.

60. *Mr. Balarezo (Peru) resumed the Chair.*

61. **Mr. Kittikhoun** (Lao People's Democratic Republic), speaking on behalf of the Group of Landlocked Developing Countries, welcomed the report of the Secretary-General on the implementation of the Almaty Programme of Action (A/59/208) and commended the Office of the High Representative for the leading role which it had played in preparing the road map for the implementation of that Programme. He also expressed appreciation for the work of UNCTAD, as described in the report, and welcomed the Intergovernmental Agreement on the Asian Highway Network, signed in 2004 in Shanghai

(China), which would significantly boost regional economic cooperation and trade.

62. The Group of Landlocked Developing Countries was indebted to all donors and development partners for their assistance to those countries in their efforts to achieve the Millennium Development Goals and implement the Almaty Programme of Action. It renewed its appeal to them to contribute to the trust fund established to facilitate the implementation of and follow-up to the Almaty Programme of Action. It urged the Office of the High Representative to continue to mobilize and coordinate international support and to promote the implementation of the Almaty Programme of Action, in accordance with the mandate conferred upon it by the General Assembly. It was essential to strengthen the Office so that it could carry out its mandate effectively.

63. A recent study by the Agency for International Trade Information and Cooperation pointed out that the distinct problems of the landlocked developing countries were related to their geographical location and created severe disadvantages, principally in regard to trade. Those disadvantages included high access costs, competition from transit States which exported the same products, poor competitiveness and lack of attraction for foreign direct investment. After referring to the numerous difficulties faced by landlocked developing countries, in particular transport costs, he said that any most-favoured nation tariff reduction that was applied to WTO members did not offer the same benefit to landlocked developing countries as to countries with better transport facilities.

64. Exports from landlocked developing countries had to be transported through transit countries before they could be shipped to the importing country. That resulted in additional costs and further delays, depending on the transport, institutional and human infrastructure of the transit country. Landlocked developing countries confronted major structural disadvantages in meeting world market requirements in terms of reliability and flexibility. Since transport costs were among the most important criteria when it came to selecting a location for foreign direct investment, landlocked developing countries frequently failed to receive consideration as potential hosts for such investment. Most of the exports from those countries consisted of a limited number of primary commodities which were subject to short-term volatility and long-term price decline. The resilience of landlocked

developing countries to endure and recover from external shocks was therefore low.

65. The full implementation of the Almaty Programme of Action was essential. It was important, in particular, to assist both landlocked and transit developing countries to establish efficient transit transport and trade facilitation systems and to promote export diversification. Such measures, however, should be combined with increased technical assistance aimed at enhancing the communication, institutional and human infrastructure of those countries. WTO should expedite its work programme on small economies, which included landlocked developing countries. The parties to the WTO negotiations on market access should also devote particular attention to products of special interest to landlocked developing countries, as recommended in the Almaty Programme of Action and the São Paulo Consensus.

66. **Mr. Der Kogda** (Burkina Faso) said that his delegation associated itself with the statements made by the representative of Qatar on behalf of the Group of 77 and China, the representative of Benin on behalf of the Group of Least Developed Countries and the representative of the Lao People's Democratic Republic on behalf of the Group of Landlocked Developing Countries.

67. A road map had been adopted by the landlocked developing countries with the support of partners interested in the implementation of the Almaty Programme of Action. After long negotiations conducted by Benin, the Group of Least Developed Countries had succeeded in persuading the Economic and Social Council to recommend to the General Assembly the adoption of a resolution on a smooth transition strategy for the countries emerging from the status of least developed countries.

68. The least developed countries and the landlocked developing countries were endeavouring to surmount the challenges of poverty and underdevelopment by committing themselves to economic growth, competitiveness and the strengthening of democratic governance. However, alone they could not overcome the structural weaknesses that were impeding their development. Those countries did not have the necessary financial resources to implement their development projects. They should therefore receive support from bilateral and multilateral donors within the framework of the implementation of the Brussels

Programme of Action and the Almaty Programme of Action.

69. As a landlocked country on the list of least developed countries, Burkina Faso was working to strengthen its partnership base with its development partners. In recent years, various actions had been undertaken with the International Monetary Fund (IMF) and the World Bank on such matters as economic policy, an analysis of public expenditures, the Heavily Indebted Poor Countries (HIPC) initiative, and the poverty reduction strategy paper (PRSP). That cooperation presented persistent problems, however, such as the lack of coordination of the various actions and the limited national capacity to plan, carry out, monitor and evaluate projects and programmes.

70. His delegation supported the proposal of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, who had invited the least developed countries to include the seven commitments under the Brussels Programme of Action within their national development frameworks and poverty reduction strategy papers. It also supported the Secretary-General's recommendation for the creation of national transport and trade facilitation boards by the landlocked developing countries.

71. **Mr. Dembélé** (Mali) said that his delegation aligned itself with the statement made by the representative of Qatar on behalf of the Group of 77 and China. He regretted that the least developed countries were, more than ever, marginalized in the international system, owing to the extreme poverty of the majority of the population, inadequate infrastructure, the stagnation of official development assistance (ODA), the persistence of the external debt crisis, fluctuations in the prices of primary commodities, and the difficulties of access to markets in the developed countries. Faced with that situation, the least developed countries had undertaken many initiatives with a view to improving the living conditions of their populations. In 2002, the Government of Mali had adopted the Poverty Reduction Strategy Paper (PRSP) as a reference document for its medium-term development policies and strategies. That document was inspired by the national report prepared for the Third United Nations Conference on Least Developed Countries and took into account the concerns expressed in the Programme of Action for the Least Developed Countries for the

Decade 2001-2010. The vast decentralization process launched in 1992 by the Government also shared that same interest in good governance in the service of development. Although it was a voluntary measure, it nevertheless required support from the international community.

72. With respect to the Almaty Programme of Action, he said it was regrettable that the landlocked developing countries were generally among the poorest. The basic objective of the Programme of Action was to establish partnerships so as to address the problems of the landlocked developing countries resulting from the lack of access to the sea, isolation and distance from the chief world markets — factors which contributed to their marginalization and to a low level of participation in international trade.

73. In the case of Mali, the distance from the coasts seriously hindered its ability to obtain supplies, and gave rise to excessive transport costs which impaired the competitiveness of its few export products. That geographical situation — along with other factors — explained the fragility of the national economy, especially in times of crisis. Mali had concluded bilateral transport and transit agreements with its coastal neighbours. It had also made significant financial efforts to improve the infrastructure for liaison with neighbouring transit countries and to modernize its communications systems.

74. The implementation of the Brussels Programme of Action and the Almaty Programme of Action would ensure the attainment of the Millennium Development Goals for the groups of countries in special situations, which included Mali.

75. His delegation reiterated its full support for efforts undertaken by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. It invited the donor community to support that Office so that it could help to mobilize the necessary international assistance.

76. **Mr. Sunaga** (Japan) said that effective poverty reduction required a multifaceted approach that addressed not only the needs of the State but also those of individuals and communities. That was why Japan was promoting the concept of "human security". On his country's initiative, the United Nations had established a Trust Fund for Human Security, through which Japan supported various projects for assisting individuals in

developing countries. For instance, in Sierra Leone, Japan was helping farmers to expand the cultivation of Nerica, a hybrid strain of rice that combined the best traits of African and Asian varieties. In Burundi, Japan was assisting internally displaced persons to restore food production in their communities.

77. Japan welcomed the fact that Nepal and Cambodia had joined WTO, the first LDCs to do so. Their entry into that Organization had been facilitated by the Integrated Framework for Trade-related Technical Assistance to LDCs which, among other things, aimed at assisting LDCs to expand their participation in the global economy. The world trading system needed to become more inclusive, taking into account the aspirations of LDCs and allowing them to share in the benefits of globalization. From that perspective, the entry of Nepal and Cambodia into WTO constituted a significant step forward.

78. With regard to the landlocked developing countries, substantial progress had been made towards achieving the goals of the Almaty Programme of Action. Japan remained an active partner in the efforts being made by those countries to implement the Programme and believed that the "Central Asia plus Japan" dialogue, which had been launched recently, would contribute to the implementation of the Programme.

79. In the current deliberations on landlocked developing countries, it was important to stress that the development of infrastructure was indispensable in order to eliminate constraints on international trade. In order to ensure smooth and efficient border crossing and customs procedures, coherent and standardized rules and regulations were needed. Regional cooperation must also be fostered in order for the landlocked developing countries and transit countries to form mutually advantageous partnerships that would stimulate economic growth.

80. Japan recognized that the challenges facing LDCs and landlocked developing countries required special attention and efforts on the part of the international community. For its part, Japan remained steadfastly committed to working with those countries in order to address their needs more effectively.

81. **Mr. Ouane** (Director of the Special Programme on the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, United Nations Conference on Trade and

Development) deplored the fact that 30 years after their special status had been established, the economic and social conditions of the LDCs, landlocked developing countries and small island developing States had not improved.

82. *The Least Developed Countries Report, 2004*, published by UNCTAD, remained the only publication within the United Nations system that focused exclusively on the development challenges and prospects of those countries. It provided an in-depth analysis of the relationship between international trade and poverty reduction and contributed to a better understanding of the difficulties of achieving the Millennium Development Goals in the LDCs. The Report had three main messages. First, special efforts would have to be made to reduce poverty, taking into account the depth and persistence of underdevelopment in those countries. Second, the current policies at both the national and international levels had proved insufficient to meet the challenge. Third, efforts should be made to identify constructive alternatives which built upon existing national and global processes and made international trade a more effective mechanism for development and poverty reduction.

83. In recent years, the economic performance of the LDCs had not been robust enough to trigger poverty reduction in a majority of those countries. Only seven LDCs had achieved the 7 per cent minimum real growth required for that to happen. In most LDCs, poverty had remained stable or had increased. If that trend were to continue, the number of people living on less than a dollar a day would increase to 471 million in 2015. Not surprisingly, social indicators were not encouraging and most LDCs were not on target to achieve the Millennium Development Goals.

84. During the opening of the current session of the General Assembly, world leaders had also expressed their concern about the lack of tangible progress towards achieving the Millennium Development Goals. Those alarming reminders called for a new approach to development, which, in the opinion of UNCTAD, should be based on three pillars. First, a development strategy should be devised that would both mainstream trade in poverty reduction and mainstream trade and development in the poverty eradication effort. That would require balanced development, based on agricultural productivity growth, export-led industrialization of processed agricultural products, diversification through management of mineral

resources and employment-intensive technologies. Second, the international trade regime should be improved in order to reduce the constraints on development in the LDCs. In that connection, commodity dependence deserved special attention. The member countries of the Organization for Economic Cooperation and Development (OECD) should rapidly phase out agricultural support measures that adversely affected LDC exports and measures should be taken to reduce the vulnerability of the LDCs to price shocks by making aid more countercyclical. Third, there was a need for financial and technical support to promote supply and trading capacities in the LDCs.

85. According to the 2004 UNCTAD Report, the LDCs had been engaged in a process of trade liberalization since the late 1980s. While trade liberalization alone did not necessarily generate sustained economic growth, it could, if accompanied by other measures, contribute more effectively to poverty reduction.

86. Regarding trade flows to the LDCs, the Report noted modest improvements but pointed out that the non-grant component of the overall flows had increased more than the grant component. Moreover, in recent years, aid flows to LDCs, had shifted away from supply capacities and the physical infrastructure towards human and social needs. In the 1990s, aid for agricultural development had been only half of what it had been in the 1980s. Aid should therefore be targeted more towards building production and trade capacities. UNCTAD attached great importance to its role of providing technical assistance for capacity-building in the LDCs. The Integrated Framework for Trade-related Technical Assistance to the Least Developed Countries was one of the main priority areas of its work. Through the Integrated Framework, UNCTAD and its institutional partners responded to LDC trade-related capacity-building needs in a complementary and cost-effective manner.

87. Compared to countries that had access to the sea, landlocked developing countries faced serious economic handicaps. Transport and transit costs increased their import bills and reduced the competitiveness of their exports. The lack of access to the sea was a multifaceted problem which had far-reaching negative effects on economic development and integration into the global economy.

88. Enhancing international cooperation in the area of transit transport was an important way of helping landlocked developing countries to deal with their handicap. In that regard, UNCTAD attached great importance to its contribution to the implementation of the Almaty Programme of Action, which called for technical assistance in connection with transit transport problems, and to regional and subregional approaches in designing solutions to those problems that would improve the scope for mutually beneficial and cooperative trade and transport arrangements.

The meeting rose at 12.15 p.m.